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A Capital for the New Deal

JOHN CROWE RANSOM

I SHALL describe presently a plan which not only looks capable of ending the depression in this country, but captures the imagination by its own merits as a project besides; a scheme which seems timely now, but would be worth consideration at any time. Since I have had nothing whatever to do with its authorship, I am in a position to furnish it with suitable adjectives: it is daring, simple, and brilliant.

But I do not name it at once. First the economic setting needs to be reviewed—the current scene, the situation to which Mr. Roosevelt has brought us, the background against which this plan projects itself.

It is not our first depression. But it is definitely our worst. Others have been acute ailments; this one begins to look chronic, it does not seem to intend to go away, and at last we have been forced to do what we have never had to do with a depression before. We are trying to heal it with medicine and regimen, when all our traditions tell us that if we only leave it alone the constitution of the economic body will throw off the virus without assistance.

What is the cause of depression? It is a foolish question, if it expects a simple answer. Depression is a bodily state to which innumerable petty acts have contributed; specifically, many millions of acts of acquisitive private agents over many years. Probably there is no sharply critical one cause; certainly there is no agreement as to what it is. So much does economic science lack of being an exact science, even in the favorable situation where it is *ex post facto*.

It has not been necessary until now to raise this question seriously. Whatever the cause of depressions, the cure has come spontaneously as if by an act of providence. The cure has been substantially the same for them all. Some fresh, large-scale enterprise, external with respect to the given and stagnant fields of industry, has been the curative agent; gathering momentum, attracting to its orbit ever more of the unemployed workmen and the hiding capital, till all the slack has been taken up, and depression has given way to "boom"; that is, to a condition of productive activity such that even more capital and more labour are wanted than the market can readily furnish. That, we have thought in the past, is the way depressions go away; why should we try to enter into their causes and cure them? Governments may have been made extremely uncomfortable during the depression period but, knowing little about it, they have had the good sense to wait it out, and they have been rewarded as the cure has come duly to pass without the benefit of government.

If the economist will allow so easy a description, depression is a condition marked by too much productive energy stored up in the economic body, when

brains and muscles and money seem paralysed for the lack of incentive to action, that is, for the lack of profit-returning transactions. The reviving stimulus comes from without to release the energy.

Here are some of these external stimuli which are capable of curing depression if they can be applied. (We know them both theoretically and historically.)

(1) War will do it, if nothing else happens first; for war promotes instantly, from the moment of waging, a period of furious activity, putting a premium on production, maintaining an extravagant rate of consumption, riding over all the little local cores of inertia. But war is too heroic a stimulus; not much relished by democracies. (2) Destruction of those works of man which constitute his fixed capital, by storms, fires, cataclysms of nature, will serve, if their path of incidence is wide enough; or destruction by their war-like equivalent, plain sabotage; so that if a few of the great centres of wealth in our country, say New York, Philadelphia, Chicago, Detroit, Los Angeles, could be suddenly destroyed, there would arise such a necessity of replacement that depression would be gone before we knew it. (3) A more agreeable stimulus consists in novel forms of production, as when a lucky piece of engineering skill makes it possible to produce a new commodity, and it is wanted in such volume as to call for capital and labour in proportion to the degree of their unemployment; hence the rise of railroads, of automobiles, or perhaps of a combination of many lesser industries. (4) Or a new value is found for exploitation in nature, the gold or diamonds in the mines, the oil in the wells, a special climatic happiness in Florida or California; the rush

begins, participated in by wealth and penury alike, and activity is restored. (5) Or the frontier is extended, a tract of virgin soil is opened to settling in the ordinary manner, and this settlement uses up the superfluous energies, and the whole economy once more functions healthily.

There may be other stimuli. They come singly or combined, and large or small, not necessarily much attended to when they come; but they come, or at least they used to come. Modern capitalistic society, nowhere quite so trustingly of course as here, has banked on their coming, has gone its hasty way predicated on some undefined and uneven yet rapid rate of "expansion". To this end capitalism has constantly laid up its treasure and set aside its manpower. And the failure to realize the scheduled expansion at those moments when uses for this producing-power do not present themselves as fast as it is being segregated and made ready for use, has given us now and again depression. Naturally the alternation of boom and depression tends to be periodic, though the period cannot possibly be defined, for the outlets for the stored energy are too contingent. They are, after all, precarious; they may not be discovered when they are most wanted, when they are most sought.

And this is precisely our predicament now. What fresh outside stimulus, Number One, Two, Three, or X, is in process, is even visibly approaching over the horizon? War and destruction as cures are considered worse than the disease—though as for destruction it must be remembered that economic expansion is not likely to take any new direction without making obsolete some part of the given productive plant,

and that, in general, change or "progress" on principle is a fairly extravagant luxury in which construction is attended by plenty of destruction. As for new industries at this moment they do not come convincingly, and as for new natural resources we seem to have made all the principal discoveries about our terrain and its possibilities; and as for new lands for settlement, we seem at last to be "settled", for the frontier has reached the western ocean with no gap left in it, and thus the one never-failing recourse of an economic society which always tended to build and develop too fast is gone forever. We are stuck.

It has been utterly abhorrent to the American temper to make this admission, for thereupon it must require itself to reform its whole economic outlook. President Hoover and his counsellors, who formed an administration well up to the normal standard of competence in this country, preferred to wait, and did wait, in as dignified an attitude as government ever wore under such circumstances. Capitalism, in its putatively divine right, in its mystical ineffable identity, was to bring its own cure by processes as mysterious as the incidence of its disease had been mysterious. Mr. Hoover and other public protagonists of the great "American system" did not really pretend to understand this system, much less did they care to try to manage or control it. But while they waited nothing happened, except more inactivity, deeper depression, creeping paralysis; so that when Mr. Roosevelt proposed to go forcibly into the inner processes of capitalism, study them and correct them if possible, the American temper reluctantly but decisively authorized him to do it, for this temper was

prepared at last to be reformed. Exit Mr. Hoover and the view that the system was a sacred institution; enter Mr. Roosevelt assuming at last that it was a profane one, and subject to treatment.

It was a momentous decision. Since last March we seem to have been trying hard to accustom ourselves to the sense that the days of incessant expansion, the great carefree epic days, are over for our economic society, and that there are before it very much duller days of laborious "stabilization" and mere discretion. Mr. Roosevelt came into power with an arduous, irritating, highly experimental sort of assignment. It was inevitable that he was not going to discover all the inward springs of the capitalistic engine in a hurry and without making mistakes, since the economic wisdom even of his Brain Trust was no more forward than it was likely to have been before the grand finale of the expansionist or wildcat period of modern capitalism; inevitable also that he was going to step on the toes of many Americans who found it difficult to offer the fruits of repentance in token of their conversion from expansion to stability. Probably Mr. Roosevelt was prepared for just these issues. Probably he is not deceived now either as to the measure of success he has had in getting our business nearer to a going basis, or as to the actual and quite dangerous resistance that every one of his schemes has to meet with continually because of its conflict with the older business psychology..

Mr. Roosevelt is trying to deal with depression in the hard way; it having proved impossible to wait longer in order that nature might take its course, which would be the easy way.

But what if it were not quite necessary even now to try the hard way? What if there were a brand-new large-scale enterprise in which we could all enlist as private citizens, going into business and obtaining the usual business rewards until the depression should be forgotten? To Americans at large that would seem infinitely preferable, though perhaps Mr. Roosevelt, now that he has put his hand to the plow, might not prefer it because it was less painful, but might elect to go on and work out the principles of stabilization which sooner or later have to be worked out if America as an economic entity is to survive. Let us waive Mr. Roosevelt's preference momentarily.

Suppose that an ingenious man discovered just off our western coastline an area of shallow waters, and devised a not too difficult technique by which the land beneath them could be raised, and a rich territory added to our national domain the equivalent in size and natural wealth of several states. (Part of the Florida boom consisted in rearing magic islands out of the sea, and then erecting fairy castles on the islands.) In the raising of the land, and in its colonization and development, there would be a fresh project of such dimensions as to end depression, and end it the easy way.

But it might be a question whether we would be better off permanently for adding another bloc of western States to our Union; we are probably big enough already; and at the next depression we would have to go through our present pains again, and pick up again the very problems we had started on in 1933; with the difference that they would have now acquired a slightly larger scale than before.

Suppose now that somebody with patriotism and imagination, and at the same time with a sufficient business realism, should devise a project which had a compelling usefulness, and the desired dimensions, and was an interior project, or one that would leave this country not so much bigger as better, when it should be concluded. Such a project would invite participation by those now waiting for a project, and would obtain this participation if it were actually launched; and it might seem worth launching to Mr. Roosevelt and those determined economic house-cleaners who with him are our present political authorities; for it would be a project on the easy order, well suited to go along with and mitigate their project which is on the hard order.

I come then to the plan. It is this: to erect a new capital city for this Union, deep in the interior where our capital city ought to be, and larger, more modern, and more beautiful than any city on earth.

This is the plan which has been advanced by my fellow townsman of Nashville, Mr. Sidney Mtrron-Hirsch. He has given it out up to this point only orally, but a steadily widening circle of lawyers, bankers, and business men have been made acquainted with it, and have received it with almost unqualified approval. It is a plan that seems destined to have a large public circulation.

The plan is at this stage like a sketch, whose detail is yet to be filled in, and permits no end of discussion and elaboration. Naturally it will not be entertained seriously by people to whom it does not seem likely to compel the public imagination in the first place; but it does not look as if it lacked this faculty.

It is a fact that we need a capital city; but it has scarcely appeared before that the creation of a capital city is a work whose virtue it is to profit us in the act as well as in the consequence.

The capital city which stands on the eastern seaboard is a political anomaly which is justly if mildly obnoxious to all those sections which have to orient themselves, or look to the East, so arbitrarily. It is surprising that in a nation whose energies are largely dedicated to feats of engineering, which is fond of magnificent architecture, and which politically is filled with powerful sectional jealousies, that we have not already relocated the national capital. But this is especially so now that it has become a commonplace of military opinion that a capital on the seaboard of a nation of continental proportions is a mistake. Washington, like Philadelphia, like New York, is exposed to annihilation in the event of war with a first-class power owning an air-fleet; but a capital located anywhere near the geographical centre, or say 1500 miles from the seacoast, is as immune to attack as a capital can well be in this world.

We must have cities, we shall have them, even if suddenly of late we have become conscious of the squalor, the discomfort, the shoddiness, and the pretentiousness which is in them all as we know them. "Agrarians" may not like cities temperamentally, and talk against the prospects of any big cities in the future, yet they too go to cities and are influenced by cities, and it is a matter of fact that the city focusses all the features of a culture as nothing else does. But there are cities and cities, and it is right to want to make wide, healthful, and splendid the city of our

election. The meanest tillers of the olive groves had an Athens to go to when they went to a city, and its beauty acquainted them by its persuasive symbolism with the character of their empire and their civilization. There is nowhere in the world among great cities any that is planned and built with a half-way thoroughness of design; especially is there not any that is modern, that permits a decent degree of modern mobility to its transportation, that is completely expressive of our living culture and mode of life. There is not a city in whose erection the expenditure of love and labour has really been lavish and unstinted. Probably there is no people which is prepared to make such an expenditure upon its national city, and not to stop short of whatever perfection is humanly possible for the contemporary generation, unless it is ourselves. Our national energies could scarcely find a field for prouder expression than in raising a national city which would stand henceforth as the object of veneration and the symbol of our unity in diversity, our power, and our peculiar character.

In time of war we manage like other nations to achieve concerted action, but when the war is over grow half-ashamed of the cause we fought for; perhaps because as soon as the emergency is past we fall into our usual division of interests, and it reaches back and dissolves even the memory of our recent solidarity. In time of peace we go along in perfect disorder, and seem incapable of unanimous political action. We muddle through like Britain, or probably more so. We recall that less than a century ago Britain was deliberately achieving an Indian Empire, which was a demonstration of the unified will; and

so far as that goes we too have shown at times an overwhelming sense of the strategy of territorial acquisitions. Nevertheless it is true that there have been in modern times, or since the rise of an individualist habit of mind through private capitalism, very few exhibits of a really national will fixed upon deliberate and peaceful objectives, so that when the Russians proceeded, with some pardonable heroics, upon a revolutionary Five Year Plan the muddling or conservative nations felt that a very embarrassing precedent was being loosed upon the world. The Russian Plan was based upon a barbarous premise, and still impresses us as the act of a nation with much more nationalism and main strength than worldly wisdom and fastidiousness. Nevertheless it was the act of a political will and puts us to shame. Our youth, lacking a war, has nothing better in the way of a cause than its boy scout organizations and its football teams; it is behind its European contemporaries, which have at least their Youth Movement, the seed undoubtedly of political actions of the future. Our older generations have their private business affairs, intercalated with the occasional discharge of obscure civic functions. It is time we conceived a national enterprise, entered upon it with some spirit, concluded it with plenty of ceremony, and left something standing to carry whatever subtle consequences it might.

The project of a capital city, distinctive, expressive of our national taste and of the opulence of our physical resources, offers the occasion.

It is Mr. Merton-Hirsch's thought that the only appropriate site for the city is somewhere along the forested banks, both banks, of the Mississippi. That stream

is perhaps the most distinctive physical feature of our territory, and the most beloved and legended. A city situated there would be somewhat west of the centre of population and somewhat east of the geographical centre.

He proposes for it an area of one hundred miles square, with an expectation of housing fifteen millions of inhabitants.

His idea of the business side of the undertaking is attested by a good many practical men as feasible. It is nothing less than a federal project that he has in mind. Let the government secure the land by condemnation and purchase, and start the construction of the streets, approaches, bridges, and public buildings. Then let the government sell off the land in detail to private citizens and corporations for their residences and business houses, at whatever price the market will bring; let it also if it pleases sell its franchises to the different sorts of public utilities which would bid for the privilege of doing business there. The city would thus pay its own way. It would have cost the government nothing in the long run. And the fact that the cost of its construction would have become virtually an aggregate of private expenditures would constitute another fact also, namely, that the depression would have been ended. The capital city would be after all the expression of our capitalist or private-ownership system—operating within such regulations and constraints as we are now in the act of determining that they shall, permanently, observe.

Without offering a biographical sketch of the author of this proposal, I remark that it is the conception of a poet, not of a professional economist, though

it would seem to satisfy the latter; and that is why it is large and bold. He does not mean this plan merely as a scheme for ending the depression, he thinks of it in more positive and colourful terms. The Ideal City is to be a shrine, a perpetual American Fair, an instrument for improving all those Americans who will go there privately or officially to see it. He thinks, like Confucius, of noble "forms and ceremonies" which will take place there. It is to house national monuments, art galleries, exhibitions, museums, literary and musical occasions; and perhaps it will be the seat of a national or federal university, to which collegians from all over the nation, according to some principle of representation, are to win their admission by competition; and in which they are not to be instructed in the technique of business (since it is not to be a university in the usual sense for "getting on in the world") but instructed in the more timeless and less utilitarian branches of art and science, in order that our citizens, like the European citizens of a few generations ago, may have within them the dignity of citizenship and the matter of culture.

I cannot elaborate further upon a plan that seems to me capable of leading anybody into pleasant meditations along these patriotic lines, meditations which will seem perhaps for the first time to have a prospect of being fruitful also. I certainly shall not reveal publicly the romantic speculations the plan induces in me; speculations which assume, I suppose, that at last America is grown up, and ready to indulge in certain rarer and finer interests that did not have much chance when we were merely a healthy, scrambling, acquisitive young democracy.

It must be addressed in the last resort, of course, to Mr. Roosevelt. Now Mr. Roosevelt's unusual competence is only in part the consequence of his training in the school of realistic politics; it is also the consequence of his having an imaginative gift that makes him always see more in the issue than appears in its categorical statement. In general, what he proposes is not only to bring us out of depression, but to inaugurate permanently a New Deal. Why should he not want to build a new capital for its safekeeping?

The fight which Mr. Roosevelt makes every day is chiefly against an opposition which has its centre in the money markets of the East, where private capitalism makes its most desperate and dangerous gamble. His schemes meet with substantial approval from the little business men over the country, and almost from whole sections of the country if these are not the section of the monied East. How could he better claim to represent these sections against the East, though not necessarily to the point of persecuting the ex-dominant East, than by setting in to move the seat of government to a place where it will be fairly representative of the national geography? And how could he honour the fixed genius of the several sections, when he goes to establish the seat there, better than by inviting them in the federal manner to contribute of their characteristic expression?

These thoughts, and their discussion, and the beginning of their translation into public act, might well occupy Mr. Roosevelt's first term. A vast activity of building might occupy his second term, if he should have one. There would be little or nothing heard about depression.